

**Rattan Kaur**  
**April 08, 2021**
**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	8.41	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB-; Stable; (Double B Minus; Outlook: Stable)
Short Term Bank Facilities	0.30	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>8.71</b> <b>(Rs. Eight Crore and Seventy-One Lakhs Only)</b>		

*Details of facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE has been seeking information from **Rattan Kaur (RK)** to monitor the rating vide e-mail communications/letters dated February 02, 2021, February 04, 2021 and February 11, 2021 and numerous phone calls. However, despite our repeated requests, the entity has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, **Rattan Kaur** has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on RK's bank facilities will now be denoted as **CARE B+; Stable; ISSUER NOT COOPERATING** and **CARE A4; ISSUER NOT COOPERATING\***. Further due diligence with the banker and auditor could not be conducted.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above ratings.**

The rating has been revised by on account non-availability of information due to non-cooperation by RK with CARE's efforts to undertake a review of the rating outstanding.

**Detailed description of the key rating drivers**

At the time of last rating in January 24, 2020 the following were the rating strengths and weaknesses:

**Key Rating Weaknesses:**

**Small scale of operations:** The overall scale of operations of the firm remained small marked by its total operating income of Rs.9.81 crore (FY17: Rs.9.67 crore) with a PAT of Rs.0.38 crore (FY17: Rs.0.41 crore) in FY18 Further, the total capital employed was also low at Rs.7.30 crore as on March 31, 2018.

**Volatility in input prices:** Fuel expenses form one of the major expenses for the transportation and allied activities. The profitability of the firm is vulnerable to diesel price fluctuations in case the actual consumption of diesel is in excess of norms allowed in the contract.

**Partnership nature of constitution:** RK, being a partnership firm, is exposed to inherent risk of withdrawal of capital by the partners, restricted access to funding and risk of dissolution on account of poor succession planning. Furthermore, partnership firms have restricted access to external borrowing as credit worthiness of partners would be the key factors affecting credit decision for the lenders.

**Client concentration risk albeit reputed clientele:** RK is engaged in transportation of LPG tankers only for the major oil companies such as BPCL, IOCL and HPCL, which reflects high level of customer concentration. However, the concentration risk is mitigated to a certain extent on account of its established relationship with the said companies as reflected by the repeated orders in the recent past. Considering the client profile of BS, the risk of default is very minimal.

**Leveraged capital structure:** The capital structure of RK though improved but remained leveraged marked by debt equity ratio of 4.98x (FY17:5.81x) and overall gearing ratio of 7.57x (FY17: 7.86x) as on March 31, 2018.

**Competitive and fragmented nature of the transportation industry:** The transportation industry is highly fragmented due to low entry barriers. As a result, there is high competition from the unorganized market. The highly fragmented and unorganized nature of the industry results in price competition. However, the players with superior quality of service and presence in different locations across country and clientele across various industries would enjoy competitive edge and would be able to garner more business and long-term contracts.

**Key Rating Strengths**

**Experienced partners with moderate track record of operations:** The firm started its commercial operations since 2011 and thus has moderate track record of operations. Moreover, the key partners, Mr. Bhupinder Singh Gujral and Mrs. Tejinder Kaur Gujral are having more than 26 years of experience in the transportation business, looks after the day to day operations of the firm. They are further supported by team of experienced professionals. Furthermore, due to experienced partners and moderate track record of operations, the partners have established satisfactory relationship with its clients.

**Healthy profit margins with moderate debt coverage indicators:** The profitability margins of the firm remained healthy marked by PBILDT margin of 26.89% (FY17: 33.02%) and PAT margin of 3.83% (FY17: 4.27%) in FY18. The debt coverage indicators also remained satisfactory marked by interest coverage of 3.51x (FY17: 3.31x) and total debt to GCA of 3.70x (FY17: 3.62x) in FY18.

**Analytical approach:** Standalone

**Applicable Criteria**

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch'](#)

[Financial ratios – Non-Financial Sector](#)

[Criteria for Short Term Instruments](#)

[CARE's Policy on Default Recognition](#)

**About the Entity**

Howrah (West Bengal) based, M/S Rattan Kaur (RK) was constituted as a partnership firm on June 25, 2011. The firm is an associate concern of Gujral Group of companies. The group is promoted by Mr. Bhupinder Singh Gujral and engaged in transportation of LPG tankers for the major oil companies such as Bharat Petroleum Corporation Limited (BPCL), Indian Oil Corporation Limited (IOCL) and Hindustan Petroleum Corporation Limited (HPCL) and hotel and restaurant business. The group is having 975 LPG tankers and the loading point is Haldia, West Bengal.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	9.67	9.81
SBID	3.19	2.64
Net Surplus	0.41	0.38
Overall gearing (times)	7.86	7.57
Interest coverage (times)	3.31	3.51

A: Audited

**Status of non-cooperation with previous CRA:** India ratings placed its ratings under non-cooperation as per press release date November 20, 2018 due to non-submission of information by the client.

**Any other information:** Not Applicable

**Rating History for last three years:** Please refer Annexure-2

**Annexure-1: Details of Instruments/Facilities**

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	March 2021	1.88	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Bank Overdraft	-	-	-	6.53	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	0.30	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; Based on best available information

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Term Loan	LT	1.88	CARE B+; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (24-Jan-20)	1)CARE BB-; Stable (25-Dec-18)
2.	Fund-based - LT-Bank Overdraft	LT	6.53	CARE B+; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (24-Jan-20)	1)CARE BB-; Stable (25-Dec-18)
3.	Non-fund-based - ST-Bank Guarantees	ST	0.30	CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE A4; ISSUER NOT COOPERATING* (24-Jan-20)	1)CARE A4+ (25-Dec-18)

\*Issuer did not cooperate; Based on best available information

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities:** Not Applicable

**Annexure 4: Complexity level of various instruments rated for this Company**

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Bank Overdraft	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - ST-Bank Guarantees	Simple

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**About CARE Ratings:**

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